

**AMENDMENT TO H.R. 3688, AS REPORTED  
OFFERED BY MS. SUTTON OF OHIO**

Add at the end the following:

**1 TITLE VII—REMEDIES TO AD-  
2 DRESS IMPORTS SUBJECT TO  
3 FUNDAMENTALLY MIS-  
4 ALIGNED CURRENCIES**

**5 SEC. 701. FINDINGS.**

6 Congress makes the following findings:

7 (1) The economy and national security of the  
8 United States are critically dependent upon a vi-  
9 brant manufacturing and agricultural base.

10 (2) The good health of United States manufac-  
11 turing and agriculture requires, among other things,  
12 unfettered access to open markets abroad and fairly  
13 traded raw materials and products in accord with  
14 the international legal principles and agreements of  
15 the World Trade Organization and the International  
16 Monetary Fund.

17 (3) The International Monetary Fund, the  
18 Group of Eight (G-8), and other international orga-  
19 nizations have repeatedly noted that exchange-rate  
20 misalignment can cause imbalances in the inter-

1 national trading system that could ultimately under-  
2 cut the stability of the system, but have taken no  
3 concrete action to redress such misalignments and  
4 imbalances.

5 (4) Since 1994, the People's Republic of China  
6 and other countries have repeatedly intervened in  
7 currency markets and taken measures that have sig-  
8 nificantly misaligned the values of their currencies  
9 against the United States dollar and other cur-  
10 rencies.

11 (5) This policy by the People's Republic of  
12 China, for example, has resulted in substantial  
13 undervaluation of the renminbi, by up to 40 percent  
14 or more.

15 (6) Evidence of this undervaluation can be  
16 found in the large and growing annual trade sur-  
17 pluses of the People's Republic of China; substan-  
18 tially expanding foreign direct investment in China;  
19 and the rapidly increasing aggregate amount of for-  
20 eign currency reserves that are held by China.

21 (7) Undervaluation by the People's Republic of  
22 China and by other countries acts as both a subsidy  
23 for their exports and as a nontariff barrier against  
24 imports into their territories, to the serious det-

1       riment of United States manufacturing and agri-  
2       culture.

3           (8)(A) As members of both the World Trade  
4       Organization and the International Monetary Fund,  
5       the People's Republic of China and other countries  
6       have assumed a series of international legal obliga-  
7       tions to eliminate all subsidies for exports and to fa-  
8       cilitate international trade by fostering a monetary  
9       system that does not tend to produce erratic disrup-  
10      tions, that does not prevent effective balance-of-pay-  
11      ments adjustment, and that does not gain unfair  
12      competitive advantage.

13           (B) These obligations are most prominently set  
14      forth in—

15           (i) Articles VI, XV, and XVI of the GATT  
16       1994 (as defined in section 2(1)(B) of the Uru-  
17       guay Round Agreements Act (19 U.S.C.  
18       3501(1)(B));

19           (ii) the Agreement on Subsidies and Coun-  
20       tervailing Measures (as described in section  
21       101(d)(12) of the Uruguay Round Agreements  
22       Act (19 U.S.C. 3511(d)(12)); and

23           (iii) Articles IV and VIII of the Inter-  
24       national Monetary Fund's Articles of Agree-  
25       ment.

1           (9) Under the foregoing circumstances, it is  
2       consistent with the international legal obligations of  
3       the People's Republic of China and similarly situ-  
4       ated countries and with the corresponding inter-  
5       national legal rights of the United States to amend  
6       relevant United States trade laws to make explicit  
7       that exchange-rate misalignment by any country is  
8       actionable as a countervailable export subsidy.

9   **SEC. 702. APPLICATION OF COUNTERVAILING DUTIES TO**  
10                   **NONMARKET ECONOMY COUNTRIES.**

11       (a) **IN GENERAL.**—Paragraph (1) of section 701(a)  
12   of the Tariff Act of 1930 (19 U.S.C. 1671(a)) is amended  
13   by inserting “(including a nonmarket economy country)”  
14   after “country” each place it appears.

15       (b) **USE OF ALTERNATE METHODOLOGIES.**—Sub-  
16   paragraph (E) of section 771(5) of the Tariff Act of 1930  
17   (19 U.S.C. 1677(5)) is amended by adding at the end the  
18   following: “With respect to a nonmarket economy country,  
19   for purposes of identifying and measuring a subsidy ben-  
20   efit described in clause (i), (ii), (iii), or (iv), or otherwise  
21   conferred upon a recipient, the administering authority  
22   shall use methodologies that take into account the possi-  
23   bility that prevailing terms and conditions in that country  
24   might not be available or might themselves be inappro-  
25   priate benchmarks due to market distortions. In such cir-

1 cumstances, unless it is demonstrated that the nonmarket  
2 economy country's prevailing terms and conditions prac-  
3 ticably can be adjusted to serve as appropriate bench-  
4 marks, the administering authority shall use as bench-  
5 marks appropriate terms and conditions prevailing outside  
6 the nonmarket economy country. When the party in pos-  
7 session of the information necessary to identify and meas-  
8 ure the benefit of a subsidy does not timely and completely  
9 submit that information for the record, the administering  
10 authority shall use for that purpose the facts otherwise  
11 available and shall, as warranted, draw adverse infer-  
12 ences.”.

13 (c) ADJUSTMENTS FOR EXPORT PRICE AND CON-  
14 STRUCTED EXPORT PRICE.—Subparagraph (C) of section  
15 772(c)(1) of the Tariff Act of 1930 (19 U.S.C.  
16 1677a(c)(1)) is amended by inserting before the end  
17 comma the following: “, whether the subject merchandise  
18 is from a country with a market economy, a nonmarket  
19 economy, or a combination thereof”.

20 (d) EFFECTIVE DATE.—The amendments made by  
21 subsections (a), (b), and (c) apply with respect to a coun-  
22 tervening duty proceeding initiated under subtitle A of  
23 title VII of the Tariff Act of 1930 before, on, or after  
24 the date of enactment of this Act.

1 (e) ANTIDUMPING PROVISIONS NOT AFFECTED.—

2 The amendments made by subsections (a), (b), and (c)  
3 shall not affect the status of a country as a nonmarket  
4 economy country for the purposes of any matter relating  
5 to antidumping duties under the Tariff Act of 1930.

6 **SEC. 703. CLARIFICATION TO ADDRESS FUNDAMENTAL MIS-**  
7 **ALIGNMENT OF A CURRENCY UNDER TITLE**  
8 **VII OF THE TARIFF ACT OF 1930.**

9 (a) FUNDAMENTAL AND ACTIONABLE MISALIGN-  
10 MENT OF A CURRENCY.—Section 771 of the Tariff Act  
11 of 1930 (19 U.S.C. 1677) is amended by adding at the  
12 end the following:

13 “(37) FUNDAMENTAL AND ACTIONABLE MIS-  
14 ALIGNMENT OF A CURRENCY.—

15 “(A) IN GENERAL.—The term ‘funda-  
16 mental and actionable misalignment’ means the  
17 situation in which an exporting country’s pre-  
18 vailing real effective exchange rate is under-  
19 valued relative to the exporting country’s equi-  
20 librium real effective exchange rate, and the ad-  
21 ministering authority determines that—

22 “(i) the amount of the undervaluation  
23 exceeds 5 percent and has consistently ex-  
24 ceeded 5 percent on average in the 18-  
25 month period preceding the date of the cal-

1            culation of the amount of the undervalu-  
2            ation; and

3            “(ii) the undervaluation is the result  
4            of—

5            “(I) protracted, large-scale inter-  
6            vention in the currency exchange mar-  
7            kets;

8            “(II) excessive reserve accumula-  
9            tion;

10           “(III) restrictions on, or incen-  
11           tives for, the inflow or outflow of cap-  
12           ital, that is inconsistent with the goal  
13           of achieving currency convertibility; or

14           “(IV) any other policy or action  
15           by the country that issues the cur-  
16           rency.

17           “(B) CALCULATION OF UNDERVALU-  
18           ATION.—In calculating the amount of an under-  
19           valuation described in subparagraph (A), the  
20           administering authority shall—

21           “(i) rely upon data that are publicly  
22           available, reliable, and compiled and main-  
23           tained by the International Monetary Fund  
24           or, if the International Monetary Fund  
25           cannot provide such data, by other inter-

1 national organizations or by national gov-  
2 ernments;

3 “(ii) use inflation-adjusted, trade-  
4 weighted exchange rates; and

5 “(iii) use the simple average of the  
6 macroeconomic-balance approach, the re-  
7 duced-form-real-exchange-rate approach,  
8 and the purchasing-power-parity approach.

9 “(C) METHODOLOGIES DEFINED.—For  
10 purposes of subparagraph (B)(iii)—

11 “(i) the term ‘macroeconomic-balance  
12 approach’ means a methodology under  
13 which the level of exchange rate misalign-  
14 ment is defined as the change in the real  
15 effective exchange rate needed to achieve  
16 equilibrium in the balance of payments;

17 “(ii) the term ‘reduced-form-real-ex-  
18 change-rate approach’ means a method-  
19 ology under which the level of exchange  
20 rate misalignment is defined as the dif-  
21 ference between the observed real effective  
22 exchange rate and the real exchange rate  
23 predicted by an econometric model using  
24 explanatory variables, including measures



1 of the rate of productivity growth, terms of  
2 trade, and net foreign asset position; and  
3 “(iii) the term ‘purchasing-power-par-  
4 ity approach’ means a methodology under  
5 which the level of exchange rate misalign-  
6 ment is defined as the difference between  
7 the observed real exchange rate and the  
8 real exchange rate that would equalize  
9 prices for a basket of goods across coun-  
10 tries, once prices have been converted into  
11 a common currency.

12 “(D) REAL EFFECTIVE EXCHANGE RATE  
13 DEFINED.—For purposes of this paragraph, the  
14 term ‘real effective exchange rate’ means an in-  
15 flation-adjusted, trade-weighted exchange  
16 rate.”.

17 (b) AMENDMENTS TO DEFINITION OF  
18 COUNTERVAILABLE SUBSIDY.—

19 (1) FINANCIAL CONTRIBUTION.—Paragraph  
20 (5)(D) of such section is amended—

21 (A) by striking “The term” and inserting  
22 “(i) The term”;

23 (B) by redesignating clauses (i) through  
24 (iv) as subclauses (I) through (IV), respectively;

25 and

1 (C) by adding at the end the following new  
2 clause:

3 “(ii) A currency that is in fundamental  
4 and actionable misalignment (as defined in  
5 paragraph (37)) shall constitute a financial con-  
6 tribution for purposes of this subparagraph.”.

7 (2) BENEFIT CONFERRED.—Paragraph (5)(E)  
8 of such section, as amended by section 701(b) of  
9 this Act, is further amended—

10 (A) in clause (iii), by striking “and” at the  
11 end;

12 (B) in clause (iv), by striking the period at  
13 the end and inserting “, and”; and

14 (C) by inserting after clause (iv) the fol-  
15 lowing new clause:

16 “(v) in the case of currency that is in  
17 fundamental and actionable misalignment  
18 (as defined in paragraph (37)), if the price  
19 of exported goods in United States dollars  
20 is less than what the price of such goods  
21 would be without the misalignment.”.

22 (3) SPECIFICITY.—Paragraph (5A) of such sec-  
23 tion is amended by adding at the end the following  
24 new sentence:

1       “For purposes of this paragraph, a currency that is  
2       in fundamental and actionable misalignment (as  
3       such term is defined in paragraph (37)) shall be  
4       deemed to be specific.”.

5       (c) CLARIFICATION UNDER ANTIDUMPING LAW.—

6           (1) IN GENERAL.—For purposes of an anti-  
7       dumping investigation or review under title VII of  
8       the Tariff Act of 1930 (19 U.S.C. 1671 et seq.), the  
9       administering authority shall ensure a fair compari-  
10      son of the export price or the constructed export  
11      price with the normal value by adjusting the price  
12      used to establish export price or constructed export  
13      price to offset any fundamental and actionable mis-  
14      alignment of the currency of the exporting country.

15          (2) DEFINITIONS.—For purposes of paragraph  
16      (1)—

17           (A) the term “administering authority”  
18       has the meaning given the term in paragraph  
19       (1) of section 771 of the Tariff Act of 1930;  
20       and

21           (B) the term “fundamental and actionable  
22       misalignment” has the meaning given the term  
23       in paragraph (37) of such section (as added by  
24       subsection (a)).

1           (3) ADJUSTMENTS FOR EXPORT PRICE AND  
2       CONSTRUCTED EXPORT PRICE.—Paragraph (2) of  
3       section 772(c) of the Tariff Act of 1930 (19 U.S.C.  
4       1677a(c)) is amended—

5           (A) in subparagraph (A), by striking  
6       “and” at the end;

7           (B) in subparagraph (B), by striking the  
8       period at the end and inserting “, and”; and

9           (C) by adding at the end the following new  
10      subparagraph:

11           “(C) the amount of any fundamental and  
12      actionable misalignment (as defined in section  
13      771(37)).”.

14      (d) AMENDMENTS TO DEFINITION OF NONMARKET  
15      ECONOMY COUNTRY.—Subparagraph (B) of section  
16      771(18) of the Tariff Act of 1930 (19 U.S.C. 1677(18))  
17      is amended—

18           (1) in clause (v), by striking “and” at the end;

19           (2) by redesignating clause (vi) as clause (vii);

20      and

21           (3) by inserting after clause (v) the following  
22      new clause:

23           “(vi) whether in the view of the ad-  
24      ministering authority the currency of the  
25      foreign country is in fundamental and ac-

1                   tionable misalignment (as defined in para-  
2                   graph (37)), and”.

3           (e) APPLICATION TO CANADA AND MEXICO.—Pursu-  
4 ant to article 1902 of the North American Free Trade  
5 Agreement and section 408 of the North American Free  
6 Trade Agreement Implementation Act (19 U.S.C. 3438),  
7 the amendments made by this section shall apply with re-  
8 spect to goods from Canada and Mexico.

9       **TITLE           VIII—INTERNATIONAL**  
10       **MONETARY   AND   FINANCIAL**  
11       **POLICY**

12   **SEC. 801. DEFINITIONS.**

13       In this title:

14           (1) ADMINISTERING AUTHORITY.—The term  
15       “administering authority” has the meaning given the  
16       term in section 771(1) of the Tariff Act of 1930.

17           (2) FUNDAMENTAL MISALIGNMENT OF A CUR-  
18       RENCY.—

19           (A) IN GENERAL.—The term “funda-  
20       mental misalignment” means the situation in  
21       which a country’s prevailing real effective ex-  
22       change rate is undervalued relative to the coun-  
23       try’s equilibrium real effective exchange rate,  
24       and the Secretary determines that the amount  
25       of the undervaluation exceeds 5 percent and has

1 consistently exceeded 5 percent in the 18-month  
2 period preceding the date of the calculation of  
3 the amount of the undervaluation.

4 (B) CALCULATION OF UNDERVALU-  
5 ATION.—In calculating the amount of an under-  
6 valuation described in subparagraph (A), the  
7 Secretary shall—

8 (i) rely upon data that are publicly  
9 available, reliable, and compiled and main-  
10 tained by the International Monetary Fund  
11 or, if the International Monetary Fund  
12 cannot provide such data, by other inter-  
13 national organizations or by national gov-  
14 ernments;

15 (ii) use inflation-adjusted, trade-  
16 weighted exchange rates; and

17 (iii) use the macroeconomic-balance  
18 approach, the reduced-form-real-exchange-  
19 rate approach, and the purchasing-power-  
20 parity approach.

21 (C) METHODOLOGIES DEFINED.—For pur-  
22 poses of subparagraph (B)(iii)—

23 (i) the term “macroeconomic-balance  
24 approach” means a methodology under  
25 which the level of exchange rate misalign-

1           ment is defined as the change in the real  
2           effective exchange rate needed to achieve  
3           equilibrium in the balance of payments;

4           (ii) the term “reduced-form-real-ex-  
5           change-rate approach” means a method-  
6           ology under which the level of exchange  
7           rate misalignment is defined as the dif-  
8           ference between the observed real effective  
9           exchange rate and the real exchange rate  
10          predicted by an econometric model using  
11          explanatory variables, including measures  
12          of the rate of productivity growth, terms of  
13          trade, and net foreign asset position; and

14          (iii) the term “purchasing-power-par-  
15          ity approach” means a methodology under  
16          which the level of exchange rate misalign-  
17          ment is defined as the difference between  
18          the observed real exchange rate and the  
19          real exchange rate that would equalize  
20          prices for a basket of goods across coun-  
21          tries, once prices have been converted into  
22          a common currency.

23           (3)   FUNDAMENTALLY   MISALIGNED   CUR-  
24   RENCY.—The term “fundamentally misaligned cur-

1        rency” means a foreign currency that is in funda-  
2        mental misalignment.

3            (4) REAL EFFECTIVE EXCHANGE RATE.—The  
4        term “real effective exchange rate” means an infla-  
5        tion-adjusted, trade-weighted exchange rate.

6            (5) SECRETARY.—The term “Secretary” means  
7        the Secretary of the Treasury.

8    **SEC. 802. FINDINGS.**

9        Congress makes the following findings:

10           (1) Since the Exchange Rates and International  
11        Economic Policy Coordination Act of 1988 (22  
12        U.S.C. 5302(3)) was enacted the global economy has  
13        changed dramatically, with increased capital account  
14        openness, a sharp increase in the flow of funds  
15        internationally, and an ever growing number of  
16        emerging market economies becoming systemically  
17        important to the global flow of goods, services, and  
18        capital. In addition, practices such as the mainte-  
19        nance of multiple currency regimes have become  
20        rare.

21           (2) Exchange rates among major trading na-  
22        tions are occasionally manipulated or fundamentally  
23        misaligned due to direct or indirect governmental  
24        intervention in the exchange market.



1           (3) A major focus of national economic policy  
2           should be a market-driven exchange rate for the  
3           United States dollar at a level consistent with a sus-  
4           tainable balance in the United States current ac-  
5           count.

6           (4) While some degree of surpluses and deficits  
7           in payments balances may be expected, particularly  
8           in response to increasing economic globalization,  
9           large and growing imbalances raise concerns of pos-  
10          sible disruption to financial markets. In part, such  
11          imbalances often reflect exchange rate policies that  
12          foster fundamental misalignment of currencies.

13          (5) Currencies in fundamental misalignment  
14          can seriously impair the ability of international mar-  
15          kets to adjust appropriately to global capital and  
16          trade flows, distorting trade flows and causing eco-  
17          nomic harm to the United States.

18          (6) The effects of a fundamentally misaligned  
19          currency may be so harmful that it is essential to  
20          correct the fundamental misalignment without re-  
21          gard to the purpose of any policy that contributed  
22          to the misalignment.

23          (7) In the interests of facilitating the exchange  
24          of goods, services, and capital among countries, sus-  
25          taining sound economic growth, and fostering finan-

1       cial and economic stability, Article IV of the Inter-  
2       national Monetary Fund's Articles of Agreement ob-  
3       ligates each member of the International Monetary  
4       Fund to avoid manipulating exchange rates in order  
5       to prevent effective balance of payments adjustments  
6       or to gain an unfair competitive advantage over  
7       other members.

8           (8) The failure of a government to acknowledge  
9       a fundamental misalignment of its currency or to  
10      take timely and effective steps to correct such a fun-  
11      damental misalignment, either through inaction or  
12      mere token action, is a form of exchange rate ma-  
13      nipulation and is inconsistent with that govern-  
14      ment's obligations under Article IV of the Inter-  
15      national Monetary Fund's Articles of Agreement.

16   **SEC. 803. REPORT ON INTERNATIONAL MONETARY POLICY**  
17                   **AND CURRENCY EXCHANGE RATES.**

18       (a) **REPORTS REQUIRED.**—

19           (1) **IN GENERAL.**—Not later than March 15  
20      and September 15 of each calendar year, the Sec-  
21      retary, after consulting with the Chairman of the  
22      Board of Governors of the Federal Reserve System  
23      and the Advisory Committee on International Ex-  
24      change Rate Policy, shall submit to Congress, a

1 written report on international monetary policy and  
2 currency exchange rates.

3 (2) CONSULTATIONS.—On or before March 30  
4 and September 30 of each year, the Secretary shall  
5 appear, if requested, before the Committee on Bank-  
6 ing, Housing, and Urban Affairs and the Committee  
7 on Finance of the Senate and the Committee on Fi-  
8 nancial Services and the Committee on Ways and  
9 Means of the House of Representatives to provide  
10 testimony on the reports submitted pursuant to  
11 paragraph (1).

12 (b) CONTENT OF REPORTS.—Each report submitted  
13 under subsection (a) shall contain—

14 (1) an analysis of currency market develop-  
15 ments and the relationship between the United  
16 States dollar and the currencies of major economies  
17 and trading partners of the United States;

18 (2) a review of the economic and monetary poli-  
19 cies of major economies and trading partners of the  
20 United States, and an evaluation of how such poli-  
21 cies impact currency exchange rates;

22 (3) a description of any currency intervention  
23 by the United States or other major economies or  
24 trading partners of the United States, or other ac-

1        tions undertaken to adjust the actual exchange rate  
2        relative to the United States dollar;

3            (4) an evaluation of the domestic and global  
4        factors that underlie the conditions in the currency  
5        markets, including—

6            (A) monetary and financial conditions;

7            (B) accumulation of foreign assets;

8            (C) macroeconomic trends;

9            (D) trends in current and financial ac-  
10        count balances;

11           (E) the size, composition, and growth of  
12        international capital flows;

13           (F) the impact of the external sector on  
14        economic growth;

15           (G) the size and growth of external indebt-  
16        edness;

17           (H) trends in the net level of international  
18        investment; and

19           (I) capital controls, trade, and exchange  
20        restrictions;

21           (5) a list of currencies designated as fundamen-  
22        tally misaligned currencies pursuant to section  
23        804(a)(2), and a description of any economic models  
24        or methodologies used to establish the list;

1 (6) a list of currencies designated for priority  
2 action pursuant to section 804(a)(3);

3 (7) a description of any consultations conducted  
4 or other steps taken pursuant to section 805, 806,  
5 or 807; and

6 (8) a description of any determination made  
7 pursuant to section 808(a).

8 (c) CONSULTATIONS.—The Secretary shall consult  
9 with the Chairman of the Board of Governors of the Fed-  
10 eral Reserve System and the Advisory Committee on  
11 International Exchange Rate Policy with respect to the  
12 preparation of each report required under subsection (a).  
13 Any comments provided by the Chairman of the Board  
14 of Governors of the Federal Reserve System or the Advi-  
15 sory Committee on International Exchange Rate Policy  
16 shall be submitted to the Secretary not later than the date  
17 that is 15 days before the date each report is due under  
18 subsection (a). The Secretary shall submit the report to  
19 Congress after taking into account all such comments re-  
20 ceived.

21 **SEC. 804. IDENTIFICATION OF FUNDAMENTALLY MIS-**  
22 **ALIGNED CURRENCIES.**

23 (a) IDENTIFICATION.—

24 (1) IN GENERAL.—The Secretary shall analyze  
25 on a semiannual basis the prevailing real exchange

1 rates between the United States dollar and foreign  
2 currencies.

3 (2) DESIGNATION OF FUNDAMENTALLY MIS-  
4 ALIGNED CURRENCIES.—As a result of the analysis  
5 conducted under paragraph (1), the Secretary shall  
6 identify any foreign currency that is in fundamental  
7 misalignment and shall designate such currency as a  
8 fundamentally misaligned currency.

9 (3) DESIGNATION OF CURRENCIES FOR PRI-  
10 ORITY ACTION.—The Secretary shall designate a  
11 currency identified under paragraph (2) for priority  
12 action if the country that issues such currency is—

13 (A) engaging in protracted large-scale  
14 intervention in the currency exchange market;

15 (B) engaging in excessive reserve accumu-  
16 lation;

17 (C) introducing or substantially modifying  
18 for balance of payments purposes a restriction  
19 on, or incentive for, the inflow or outflow of  
20 capital, that is inconsistent with the goal of  
21 achieving full currency convertibility; or

22 (D) pursuing any other policy or action  
23 that, in the view of the Secretary, warrants des-  
24 ignation for priority action.

1 (b) **REPORTS.**—The Secretary shall include a list of  
2 any foreign currency designated under paragraph (2) or  
3 (3) of subsection (a) in each report required by section  
4 803.

5 **SEC. 805. NEGOTIATIONS AND CONSULTATIONS.**

6 (a) **IN GENERAL.**—Upon designation of a currency  
7 pursuant to section 804(a)(2), the Secretary shall seek bi-  
8 lateral consultations with the country that issues such cur-  
9 rency in order to facilitate the adoption of appropriate  
10 policies to address the fundamental misalignment.

11 (b) **CONSULTATIONS INVOLVING CURRENCIES DES-**  
12 **IGNATED FOR PRIORITY ACTION.**—With respect to each  
13 currency designated for priority action pursuant to section  
14 804(a)(3), the Secretary shall, in addition to the consulta-  
15 tions with the country described in subsection (a)—

16 (1) seek the advice of the International Mone-  
17 tary Fund with respect to the Secretary's findings in  
18 the report submitted to Congress pursuant to section  
19 803(a); and

20 (2) encourage other governments, whether bilat-  
21 erally or in appropriate multinational fora, to join  
22 the United States in seeking the adoption of appro-  
23 priate policies by the country described in subsection  
24 (a) to eliminate the fundamental misalignment.

1   **SEC. 806. ACTIONS WITH RESPECT TO COUNTRIES WITH**  
2                   **FUNDAMENTALLY MISALIGNED CURRENCIES**  
3                   **DESIGNATED FOR PRIORITY ACTION.**

4       (a) **REQUEST FOR IMF ACTION.**—The United States  
5 shall inform the Managing Director of the International  
6 Monetary Fund of the failure of a country that issues a  
7 currency designated for priority action pursuant to section  
8 804(a)(3) and shall request that the Managing Director  
9 of the International Monetary Fund—

10           (1) consult with such country regarding the ob-  
11 servance of the country's obligations under article IV  
12 of the International Monetary Fund Articles of  
13 Agreement, including through special consultations,  
14 if necessary; and

15           (2) formally report the results of such consulta-  
16 tions to the Executive Board of the International  
17 Monetary Fund within 180 days of the date of such  
18 request.

19       (b) **OPIC FINANCING.**—The Overseas Private Invest-  
20 ment Corporation shall not approve any new financing (in-  
21 cluding insurance, reinsurance, or guarantee) with respect  
22 to a project located within a country that issues a currency  
23 designated for priority action pursuant to section  
24 804(a)(3).

25       (c) **MULTILATERAL BANK FINANCING.**—The Sec-  
26 retary shall instruct the United States Executive Director



1 at each multilateral bank to oppose the approval of any  
2 new financing (including loans, other credits, insurance,  
3 reinsurance, or guarantee) to the government of a country,  
4 or for a project located within a country, that issues a  
5 currency designated for priority action pursuant to section  
6 804(a)(3).

7 (d) REPORTS.—The Secretary shall describe any ac-  
8 tion or determination pursuant to subsections (a) through  
9 (c) in the first semiannual report required by section 803  
10 after the date of such action or determination.

11 **SEC. 807. ACTIONS WITH RESPECT TO COUNTRIES THAT**  
12 **PERSISTENTLY FAIL TO ELIMINATE FUN-**  
13 **DAMENTALLY MISALIGNED CURRENCIES**  
14 **DESIGNATED FOR PRIORITY ACTION.**

15 (a) ACTIONS REQUIRED.—Not later than 360 days  
16 after the date on which a currency is designated for pri-  
17 ority action pursuant to section 804(a)(3), the Secretary  
18 shall determine whether the country that issues such cur-  
19 rency has eliminated the fundamental misalignment. The  
20 Secretary shall promptly notify Congress of such deter-  
21 mination and shall publish notice of the determination in  
22 the Federal Register. If the Secretary determines that the  
23 country that issues such currency has failed to eliminate  
24 the fundamental misalignment, in addition to the applica-  
25 tion of the provisions of subsections (a) through (c) of sec-

tion 806, the following shall apply with respect to the country until a notification described in subsection (b) is published in the Federal Register:

(1) ACTION AT THE WTO.—The United States Trade Representative shall request consultations in the World Trade Organization with the country regarding the consistency of the country's actions with its obligations under the WTO Agreement.

(2) REMEDIAL INTERVENTION.—

(A) IN GENERAL.—The Secretary shall consult with the Board of Governors of the Federal Reserve System to consider undertaking remedial intervention in international currency markets in response to the fundamental misalignment of the currency designated for priority action, and coordinating such intervention with other monetary authorities and the International Monetary Fund.

(B) NOTICE TO COUNTRY.—At the same time the Secretary takes action under subparagraph (A), the Secretary shall notify the country that issues such currency of the consultations under subparagraph (A).

(b) NOTIFICATION.—The Secretary shall promptly notify Congress when a country that issues a currency des-

1 ignated for priority action pursuant to section 804(a)(3)  
2 eliminates the fundamental misalignment, and publish no-  
3 tice of the action of that country in the Federal Register.

4 (c) REPORTS.—The Secretary shall describe any ac-  
5 tion or determination pursuant to subsection (a) or (b)  
6 in the first semiannual report required by section 803  
7 after the date of such action or determination.

8 **SEC. 808. INTERNATIONAL FINANCIAL INSTITUTION GOV-**  
9 **ERNANCE ARRANGEMENTS.**

10 (a) INITIAL REVIEW.—Notwithstanding any other  
11 provision of law, before the United States approves a pro-  
12 posed change in the governance arrangement of any inter-  
13 national financial institution, as defined in section  
14 1701(c)(2) of the International Financial Institutions Act  
15 (22 U.S.C. 262r(c)(2)), the Secretary shall determine  
16 whether any member of the international financial institu-  
17 tion that would benefit from the proposed change, in the  
18 form of increased voting shares or representation, has a  
19 currency that was designated a currency for priority action  
20 pursuant to section 804(a)(3) in the most recent report  
21 required by section 803. The determination shall be re-  
22 ported to Congress.

23 (b) SUBSEQUENT ACTION.—The United States shall  
24 oppose any proposed change in the governance arrange-  
25 ment of the international financial institution (as defined

1 in subsection (a)), if the Secretary renders an affirmative  
2 determination pursuant to subsection (a).

3 (c) FURTHER ACTION.—The United States shall con-  
4 tinue to oppose any proposed change in the governance  
5 arrangement of the international financial institution, pur-  
6 suant to subsection (b), until the Secretary determines  
7 and reports to Congress that the proposed change would  
8 not benefit any member of the international financial insti-  
9 tution, in the form of increased voting shares or represen-  
10 tation, that has a currency that is designated a currency  
11 for priority action pursuant to section 804(a)(3).

12 **SEC. 809. ADVISORY COMMITTEE ON INTERNATIONAL EX-**  
13 **CHANGE RATE POLICY.**

14 (a) ESTABLISHMENT.—

15 (1) IN GENERAL.—There is established an Ad-  
16 visory Committee on International Exchange Rate  
17 Policy (in this section referred to as the “Com-  
18 mittee”). The Committee shall be responsible for—

19 (A) advising the Secretary in the prepara-  
20 tion of each report to Congress on international  
21 monetary policy and currency exchange rates,  
22 provided for in section 803;

23 (B) advising the Congress and the Presi-  
24 dent with respect to—

1 (i) international exchange rates and  
2 financial policies; and

3 (ii) the impact of such policies on the  
4 economy of the United States; and

5 (C) submitting to Congress and publishing  
6 in the Federal Register a statement of disagree-  
7 ment if a majority of the members of the Com-  
8 mittee disagree with—

9 (i) a determination of the Secretary—

10 (I) to designate or not to des-  
11 ignate a foreign currency as a fun-  
12 damentally misaligned currency pur-  
13 suant to section 804(a)(2); or

14 (II) to designate or not to des-  
15 ignate a foreign currency for priority  
16 action pursuant to section 804(a)(3);  
17 or

18 (ii) a determination of the admin-  
19 istering authority under title VII of the  
20 Tariff Act of 1930—

21 (I) to designate or not to des-  
22 ignate a foreign currency as a cur-  
23 rency in fundamental and actionable  
24 misalignment (as such term is defined  
25 in section 771(37) of such Act (as

1 added by section 703(a) of this Act));

2 or

3 (II) with respect to the amount  
4 of any fundamental and actionable  
5 misalignment of a foreign currency  
6 designated as a currency in funda-  
7 mental and actionable misalignment.

8 (2) MEMBERSHIP.—

9 (A) IN GENERAL.—The Committee shall be  
10 composed of seven members as follows, none of  
11 whom shall be from the Federal Government:

12 (i) CONGRESSIONAL APPOINTEES.—

13 (I) SENATE APPOINTEES.—Three  
14 persons shall be appointed by the  
15 President pro tempore of the Senate,  
16 upon the recommendation of the  
17 Chairmen and Ranking Members of  
18 the Committee on Banking, Housing,  
19 and Urban Affairs and the Committee  
20 on Finance of the Senate.

21 (II) HOUSE APPOINTEES.—Three  
22 persons shall be appointed by the  
23 Speaker of the House of Representa-  
24 tives upon the recommendation of the  
25 Chairmen and Ranking Members of

1 the Committee on Financial Services  
2 and the Committee on Ways and  
3 Means of the House of Representa-  
4 tives.

5 (ii) PRESIDENTIAL APPOINTEE.—One  
6 person shall be appointed by the President.

7 (B) QUALIFICATIONS.—Persons shall be  
8 selected under subparagraph (A) on the basis of  
9 their objectivity and demonstrated expertise in  
10 finance, economics, or currency exchange.

11 (3) TERMS.—Members shall be appointed for a  
12 term of 4 years or until the Committee terminates.  
13 An individual may be reappointed to the Committee  
14 for additional terms.

15 (4) VACANCIES.—Any vacancy in the Com-  
16 mittee shall not affect its powers, but shall be filled  
17 in the same manner as the original appointment.

18 (b) DURATION OF COMMITTEE.—The Committee  
19 shall terminate on the date that is 12 years after the date  
20 of the enactment of this Act unless renewed by the Presi-  
21 dent pursuant to section 14 of the Federal Advisory Com-  
22 mittee Act (5 U.S.C. App.) for a subsequent 12-year pe-  
23 riod. The President may continue to renew the Committee  
24 for successive 12-year periods by taking appropriate action

1 prior to the date on which the Committee would otherwise  
2 terminate.

3 (c) PUBLIC MEETINGS.—The Committee shall hold  
4 at least two public meetings each year for the purpose of  
5 accepting public comments. The Committee shall also  
6 meet as needed at the call of the Secretary or at the call  
7 of two-thirds of the members of the Committee.

8 (d) CHAIRPERSON.—The Committee shall elect from  
9 among its members a chairperson for a term of 4 years  
10 or until the Committee terminates. A chairperson of the  
11 Committee may be reelected chairperson but is ineligible  
12 to serve consecutive terms as chairperson.

13 (e) STAFF.—The Secretary shall make available to  
14 the Committee such staff, information, personnel, admin-  
15 istrative services, and assistance as the Committee may  
16 reasonably require to carry out its activities.

17 (f) APPLICATION OF FEDERAL ADVISORY COM-  
18 MITTEE ACT.—

19 (1) IN GENERAL.—The provisions of the Fed-  
20 eral Advisory Committee Act (5 U.S.C. App.) shall  
21 apply to the Committee.

22 (2) EXCEPTION.—Except for the annual public  
23 meeting required under subsection (c), meetings of  
24 the Committee shall be exempt from the require-  
25 ments of subsections (a) and (b) of sections 10 and



1 11 of the Federal Advisory Committee Act (relating  
2 to open meetings, public notice, public participation,  
3 and public availability of documents), whenever and  
4 to the extent it is determined by the President or the  
5 Secretary that such meetings will be concerned with  
6 matters the disclosure of which would seriously com-  
7 promise the development by the United States Gov-  
8 ernment of monetary and financial policy.

9 **SEC. 810. REPEAL OF THE EXCHANGE RATES AND INTER-**  
10 **NATIONAL ECONOMIC POLICY COORDINA-**  
11 **TION ACT OF 1988.**

12 The Exchange Rates and International Economic  
13 Policy Coordination Act of 1988 (22 U.S.C. 5301–5306)  
14 is repealed.